



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-5000

OFFICE OF PUBLIC AND INDIAN HOUSING

November 27, 2019

Dear Executive Director,

CY 2020 Housing Choice Voucher Program (HCVP) Renewal Awards:

The Department is currently operating under the Continuing Resolution (CR) H.R.3055 – Further Continuing Appropriations Act, 2020, and Further Health Extenders Act of 2019, which is effective until December 20, 2019. The purpose of this letter is to communicate to public housing agencies (PHAs) administering the Housing Choice Voucher (HCV) Program, their current status and projections of their calendar year (CY) 2020 renewal funding, and steps PHAs must take to support the funding process. This letter provides important information about the PHAs' monthly Housing Assistance Payments (HAP), Administrative Fee (AF) disbursements, and projected HAP and AF proration based on the Fiscal Year (FY) 2020 Senate and House of Representatives Appropriations Bills.

HUD has obligated funding to the PHAs as follows:

- December 2019 and January 2020 HAP obligations at 99.5% proration of estimated CY 2020 eligibility; additionally,
- December 2019, January and February 2020 AF obligations have been allocated at 79% proration of estimated CY 2020 eligibility; and,
- If the PHAs also administer the Mainstream Program, both HAP and AF for January and February 2020 have been allocated at 100% and 79% proration, respectively.

Consequently, PHAs should expect the timely disbursement of HCV Program HAP and AF payments for December 2019 and January 2020. A second notification regarding the February 2020 HAP and AF payments will be provided to PHAs in January 2020. For PHAs administering the Mainstream Program, they should expect timely HAP and AF payments for December 2019, January and February 2020.

CY 2020 Estimated HAP and Administrative Fee Prorations:

The Department has evaluated two CY 2020 funding possibilities that result in a range of HAP and AF proration levels. For instance, HUD could receive an Appropriations Act, whereby Congress implements HCV funding based on either the Senate Appropriations Committee bill or the appropriations bill passed by the House of Representatives. The Department has evaluated these funding scenarios based on both the Tenant Based Rental Assistance (TBRA) Senate Bill, passed by the Committee on September 19, 2019, and the TBRA House Bill, introduced in House of Representatives on June 3, 2019. The estimated HAP prorations are 99.2% and 98.8%, respectively. The AF prorations are anticipated at 81% for the Senate Bill and 78% for the House of Representatives Bill. PHAs can click on the following links to view the aforementioned bills: [Senate Bill](#) and [House Bill](#).

As always, the proration levels described above are at the national level, and they were calculated by estimating the full HCV program renewal need for CY 2020 and comparing the program renewal need to the available funding as proposed by the Senate and House of Representative Bills. To estimate the program renewal need, HUD considered HAP costs reported in the Voucher Management System (VMS) through August 2019 extrapolated through December 2019, made adjustments for first time renewals and

applied a national average inflation factor (4.51%). However, a PHA's individual inflation factor may significantly differ from the national average. It is very important that PHAs take individual inflation factors into consideration while assessing desired leasing levels in CY 2020.

Accordingly, HUD is recommending that the PHAs consider its preliminary individual inflation factor in its assessment. Individual PHA inflation factors have already been uploaded in the PIH Two-Year Forecasting Tool (TYT). The TYT can be accessed directly by downloading a spreadsheet from this [forecasting tool link](#), entering the PHA number and launching a forecasting populated with VMS data and funding information. As mentioned before, and for the PHAs' benefit, their CY 2020 preliminary inflation factors are already set in the TYT, and the HAP proration factor set is to 99%. However, the defaults can be changed by the user, for example, PHAs could estimate the impact at 98.8% scenario, assuming the House of Representatives Bill. PHAs should plan for CY 2020 by also looking at the impact in CY 2021 of where they project to end CY 2020. In doing so, PHAs can model differing CY 2021 funding proration level possibilities.

HUD staff will be evaluating budget and leasing utilization considering the above proration assumptions. Consequently, some PHAs may hear from HUD staff in particular if, given those assumptions, a shortfall or significant leasing potential is projected.

VMS Costs and Leasing Review Period:

The Department anticipates that the CY 2020 renewal eligibility for non-Moving to Work (non-MTW) PHAs will continue to be based on actual and eligible HAP costs incurred and reported in VMS during CY 2019. Therefore, all PHAs should begin reviewing the completeness and accuracy of their CY 2019 costs and leasing reported in VMS at this time. The deadline to submit CY 2019 costs and leasing adjustments in VMS, if needed, is **January 22, 2020**. As for MTW PHAs, their HAP renewal eligibilities will continue to be in accordance with the terms of their individual MTW agreements.

Should you have any questions about the TYT, please do not hesitate to contact your Field Office representative. Otherwise, please reach out to your FMC Financial Analyst for any HCV Program funding related inquiries.

Sincerely,

Danielle L. Bastarache

Digitally signed by Danielle L. Bastarache
DN: CN = Danielle L. Bastarache,
C = US.
Reason: I am approving this document

Danielle Bastarache
Deputy Assistant Secretary
Office of Public Housing and Voucher
Programs